



IDAHO WATER RESOURCE BOARD

MINUTES OF IWRB MEETING

MEETING NO. 19-05 OF THE
IDAHO WATER RESOURCE BOARD

November 18th, 2005, 8:30 a.m. MDT

Idaho Department of Water Resources

Conference Room C & D, 322 East Front Street, Boise, Idaho

Dirk Kempthorne
Governor

Jerry R. Rigby
Chairman
Rexburg
At Large

Meeting No. 19-05 of the Idaho Water Resource Board was called to order by
Chairman Rigby
At the Idaho Water Center in Boise Idaho
(One Recording Tape)

Terry T. Uhling
Vice Chairman
Boise
District 2

Agenda Item No. 1, Roll Call

Board Members Attending

Dick Wyatt
Secretary
Lewiston
District 1

Jerry Rigby, Chairman
Leonard Beck
Gary Chamberlain
Claude Storer

Bob Graham
Dick Wyatt – Secretary
Vic Armacost

Board Members Absent

Leonard Beck
Burley
District 3

Terry Uhling

Department of Water Resources Staff Present

Bob Graham
Bonners Ferry
At Large

Hal Anderson, Administrator
Brian Patton, WR Engineer
Bill Graham, Planning Bureau Chief

Crystal Calais, Admin. Asst. II
Karl Dreher, Director

L. Claude Storer
Idaho Falls
District 4

Guests & Public

Gary M. Chamberlain
Challis
At Large

Chris Talkington, City of Twin Falls
Glenda Dwight, Mayor of Twin Falls
Eric Franson, Franson Noble Engineering.
Charles Brockway, Brockway Engineering
Bill Block, JUB Engineering
Dan Milholland, Mores Crk Rim WD
Phil Johnson, Mores Crk Rim WD
John Wescus, CH2MHill

Tom Courtney, Twin Falls
Ellis Roberts, Cub River Irrg. Co.
Gale Moser, Cub River Irrg. Co.
Scott Rhead, United Water
Robert Callahan, MCRRWD
Butch Anderson, Mores Crk Rim WD
Scot Haug, Hoyt Bluff Water

Lawrence 'Vic' Armacost
New Meadows
At Large

Agenda Item No. 2, Approval of 18-05 Minutes

Mr. Wyatt moved the minutes be approved. Mr. Armacost seconded. Unanimously approved by voice vote.

Agenda Item No. 3, Public Comment

Mr. Tom Courtney, City Manager for the City of Twin Falls gave a brief history and overview of the City's request for water from the remaining water under water rights acquired by the Board from Bell Rapids Water Right Purchase.

Dr. Brockway of Brockway Engineering gave an overview of the City's Water Supply referring to a map of the area that showed current water systems. Surface water at Blue Lakes / Blue Lakes Springs and the wells are what's currently being used. The City is and has been evaluating water usage and new development. Dr. Brockway presented several graphs, which showed diminishing water flow from Blue Lakes Springs and other sources. Many water rights are Senior to the City, which presents another problem. Declining water levels and Federal drinking water standards are contributing to the impending water shortage within the next 5 years. The City is requesting 11,200 acre feet with a water right transfer and change in the nature of use likely needed. The City would handle the costs of the transfers.

Mr. Rigby pointed out one of the benefits of the excess water was to maintain the requirements of the Swan Falls Agreement, which has been in jeopardy in the past. The State would also need to approve this type of transaction.

Mr. Brockway responded that certain water supplies are needed at a complimentary timeframe – Mid-June to Mid-July. The possibility of having the "buffer" water would still be available due to the timing of the City's shortages. Mr. Dreher addressed the funding history and asserted his support of the Board to assist the City in helping with the water issues. Chairman Rigby encouraged the staff to look at more solutions.

Mr. Beck asked about the pressurized irrigation ordinance as it related to the supply from Twin Falls Irrigation Company. Mr. Brockway explained that the ordinance was designed to maximize the minimal recharge from homeowners that are only at 20-30% efficiency. Mr. Anderson said staff would continue to work with the city on their issues.

Agenda Item No. 4, Dworshak Status Report

Mr. Anderson introduced Mr. Brian Patton who reported that since the power plant had come on line, it had produced 110,000,000 kilowatt hours of electricity. He also noted that on January 1, 2006 the energy sales rate with Bonneville Power will increase 3% to 4.64 cents per kilowatt-hour. In fiscal year 2006 the power plant has produced revenue over expenses of \$62,740.00 that's been deposited into the Revolving Development Account for other projects. Another \$33,000 has been deposited into the Repair and Replacement Account.

Agency Item No. 5, IWRB Financial Program

a. Financial Status Report

Mr. Anderson presented Mr. Brian Patton who outlined the financial status report. As of November 1st available balances are as shown with a total balance of \$3,313,816.00. The Board

can fund all projects presented today. Mr. Patton noted that two payments have been made from BOR for the Bell Rapids Lease Agreement totaling nearly \$6.8 million.

b. Cub River Irrigation Company Loan Request

Mr. Patton presented a loan request for \$500,000 to start the gravity pipeline project covering a large portion of their Idaho service area. Cub River Irrigation Co. supplies lands in both Idaho and Utah, nearly 25,000 acres. This project would eliminate all sprinkler pumping costs for irrigators and substantially reduce operation and maintenance costs. The Utah Board of Water Resources is funding a loan for \$680,000 at 0% interest with 17-year repayment period. The remainder is the request before the Board today. Staff suggests a staged plan with a reduced annual payment for years 1-17 when they are paying Utah, then increasing for the remainder of the term. IWRB debt service would be calculated at 5.5% for a 25-year term. When Utah is paid, Cub River's payment would increase to \$77,000 annually until paid off. Staff does recommend this project for Idaho irrigators. Chairman Rigby invited representatives of the Cub River Irrigation Company.

Mr. Eric Franson addressed the Board. He suggested a repayment of a one-to-one benefit cost ratio to reduce payments to \$70,000 a year instead of \$77,000. Mr. Gale Moser also addressed the Board and outlined the project for the Board. Questions and discussion ensued. Chairman Rigby stated that going beyond 25 years was somewhat problematic.

Mr. Chamberlain moved that the replacement resolution for 5.5% interest on \$500,00 for a staged payback on a 25-year term be approved. Mr. Beck seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Absent; Chairman Rigby, Aye; 7 Ayes, 1 Absent. Motion passed.

c. Northside Estates Homeowners Association Loan Request

Mr. Anderson presented Mr. Patton who outlined the Northside Estates Homeowners Association requesting a loan in the amount of \$69,070 to make improvements to their community water system. Costs incurred in this project for 13 homes are very high. Staff hesitates to recommend it.

Mr. Graham moved that the request from Northside Estates Homeowners Association be denied. Mr. Chamberlain seconded. Unanimously approved by voice vote.

d. Hoyt Bluff Water Association Loan Request

Mr. Patton presented the Hoyt Bluff Water Association Loan Request for \$320,000 to construct a new well and connect it into their system. Hoyt Bluff provides domestic and irrigation water service to 57 residents. Each home is a small acreage located off the Rathdrum Prairie upon the rocky bluff. Their system is not adequate for summer irrigation. This project would create heavy debt levels for this community. Mr. Patton did recommend the project. He introduced representatives from the company.

Mr. Scott Haug addressed the Board. He gave an overview of their water system and the new project. He noted that the association is financially stable. Questions and discussion followed on the project.

Mr. Wyatt moved to approve the resolution for a loan of \$320,000 with a 6% interest and a 20-year repayment term. Mr. Graham Seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Absent; Chairman Rigby, Aye; 7 Ayes, 1 Absent. Motion passed.

e. Mores Creek Rim Ranches Water District Loan Request

Mr. Patton detailed the loan request for \$85,300 from the Mores Creek Rim Ranches Water District to install a new arsenic removal system. There are 65 residential lots located along Mores Creek midway between Boise and Idaho City. The new arsenic requirements go into effect in January 2006. A feasibility study has been completed for this project and they have recommended individual home treatment systems. He noted that the reverse osmosis units have an estimated life span of five years. This creates hesitancy for staff to recommend going beyond five years for this loan. Staff recommends this loan request. He introduced representatives from the water district.

Dan Milholland, chairman of the water district, addressed the Board describing details of the project. The loan would pay for the initial installation of the units and the first phase of maintenance. Questions and discussion followed with Board members. Chairman Rigby expressed concern because of the arsenic issue and that the Board might be inundated with loan requests.

Butch Anderson addressed the Board about their concerns. He described how the water district is solving their difficult water problems. More questions followed. Mr. Patton pointed out that a prior loan had been made to this water district for wells.

Mr. Wyatt moved that an \$85,300 loan be approved at 6% interest for five years to the Mores Creek Rim Ranches Water District. Mr. Chamberlain seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Absent; Chairman Rigby, Aye; 7 Ayes, 1 Absent. Motion passed.

Agenda Item No. 6, Water Bank Subcommittee Status Update

Mr. Anderson asked Mr. Beck, the chairman, to present the update; however, the committee hadn't met yet. They were planning to meet after the Board meeting.

Agenda Item No. 7, Planning Status Report

Mr. Anderson introduced Mr. Bill Graham to give the status report. Studies of the Boise River currently involving Planning staff are on going. Mary McGowan continues to work on the Boise basin. Recommendations will be made to the Board in January. In the Upper Salmon River Basin, Planning staff are working on the water master and water district issues with Mary McGowan on the Steering Committee. A big issue in this basin is the Ditch Bill. Staff are seeing a delay due to Federal red tape of putting measuring devices in head gates on their diversions that are on Federal ground. Yet there is a time constraint from the Wild and Scenic Rivers Settlement Agreement. Mr. Chamberlain discussed relevant issues on this topic.

Mr. Graham stated that the Northern Regional Manager had requested some water conservation planning assistance for the Rathdrum aquifer. In fiscal year 2005 staff accomplished eight water transaction projects, five were in the Lemhi Basin. Staff are focusing on Stanley basin water transactions that are a high priority because 48% of salmon spawning occurs there. Planning

is committed to doing a conservation plan for the Upper Salmon, also. Mr. Graham stated he would be on a panel for the Idaho Water Users Association.

A proposal has been submitted on behalf of the Board to the Office of Species Conservation to accomplish permanent transactions in the Lemhi Basin. There was discussion on Northwest Power Planning Council activities in relation to Planning activities.

Agenda Item No. 8, Minimum Stream Flows

Mr. Graham said that staff had gone to a public hearing on the Nez Perce Settlement Term sheet minimum stream flow that were not included in the Board's application. Mr. Wyatt was present and did an admirable job. Gary Spackman was the hearing officer at this public hearing.

Agenda Item No. 9, Director's Report

Mr. Anderson introduced Director Karl Dreher to present his report. The Director stated he continues to work on conjunctive management issues on the Eastern Snake Plain. As a result of last spring and summer, five lawsuits were filed. One has been withdrawn. The Director updated the Board on the issues and parties involved in these lawsuits.

The Director updated the Board on aquifer issues in the Moscow-Pullman area. Department staff continues to meet with legislators and other interested parties. There is support for adjudication of water rights in North Idaho. The scope would be much less than the Snake River Basin.

A new order will be coming out soon in the matter of the Twin Falls Northside Canal Company challenging how water permits were approved in previous years even though there was a moratorium. The Director discussed the ramifications of this order. Questions and discussions followed from Board members.

Agenda Item No. 10, SHO-PIA Settlement Agreement Update

Mr. Anderson introduced Mr. Clive Strong who asked to address the Board in Executive Session. Mr. Storer moved that the Board go into Executive Session to discuss issues related to the SHO-PIA Settlement. Mr. Wyatt seconded. Unanimously approved by voice vote.

The Board made no decisions while in Executive Session. Mr. Chamberlain moved the Board move back into regular session. Mr. Armacost seconded. Unanimously approved by voice vote.

Agenda Item No. 11, Other items

No other items were presented.

Agenda Item 12, Next Meeting

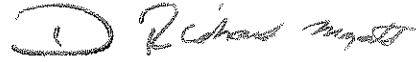
The next Board meeting is set for January 23 and 24, 2006. The next year's meeting schedule was discussed.

Agenda Item 13, Adjourn

Mr. Graham moved to adjourn the meeting. Mr. Wyatt seconded. Unanimously approved by voice vote.

Meeting adjourned.

Dated this 10th day of May 2006.



D. Richard Wyatt, Secretary



Patsy McGourty, Administrative Assistant II

Board Actions

1. Mr. Chamberlain moved that the replacement resolution for 5.5% interest on \$500,00 for a staged payback on a 25-year term be approved. Mr. Beck seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Absent; Chairman Rigby, Aye; 7 Ayes, 1 Absent. Motion passed.

2. Mr. Graham moved that the request from Northside Estates Homeowners Association be denied. Mr. Chamberlain seconded. Unanimously approved by voice vote.

3. Mr. Wyatt moved to approve the resolution for a loan of \$320,000 with a 6% interest and a 20-year repayment term. Mr. Graham Seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Absent; Chairman Rigby, Aye; 7 Ayes, 1 Absent. Motion passed.

4. Mr. Wyatt moved that an \$85,300 loan be approved at 6% interest for five years to the Mores Creek Rim Ranches Water District. Mr. Chamberlain seconded.

Roll Call Vote: Mr. Wyatt, Aye; Mr. Armacost, Aye; Mr. Storer, Aye; Mr. Beck, Aye; Mr. Chamberlain, Aye; Mr. Graham, Aye; Mr. Uhling, Absent; Chairman Rigby, Aye; 7 Ayes, 1 Absent. Motion passed.